



CONNECTICUT ASSOCIATION FOR
HEALTHCARE AT HOME

SB 244

TESTIMONY

Delivered by Deborah R. Hoyt, President and CEO
The Connecticut Association for Healthcare at Home

Before the Aging Committee
March 4, 2014

SUPPORT: SB244 AN ACT INCREASING HOME CARE PROVIDER RATES.

Good morning Senator Ayala, Representative Serra and honorable members of the Aging Committee. My name is Deborah Hoyt, President and CEO of the Connecticut Association for Healthcare at Home.

The Association represents 60 Connecticut DPH licensed/Medicare certified home health and hospice agencies that foster cost-effective, person-centered healthcare in the setting people prefer most – their own home. Collectively, our agency providers deliver care to more CT residents each day than those housed in CT hospitals and nursing homes combined.

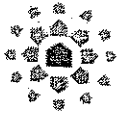
As a major employer with a growing workforce, our on-the-ground army of 17,000 home health care workers is advancing the State's goals of Aging in Place and Money Follows the Person (MFP) by providing high-tech and telehealth interventions for children, adults and seniors.

We are Connecticut's community-based safety net, ensuring that the chronic conditions of the frail elderly, disabled, and homebound are managed and their care coordinated across the healthcare continuum to avoid unnecessary and costly rehospitalization or institutional care.

Home health care is the cost effective means of delivering care, however, the agencies that provide this care have reached a critical juncture in terms of business survival.

The "perfect storm" experienced by home health care agencies includes the combined impact of:

- a. Flat Medicaid reimbursement to home health providers since 2005 – no cost of living adjustment and, at the same time, this period was a time of increased regulatory burden and audit scrutiny.
(See Attachment)
- b. Current 2005 reimbursement rate doesn't come close to covering the cost that home care agencies expend to provide care in 2014



CONNECTICUT ASSOCIATION FOR
HEALTHCARE AT HOMESM

and beyond under the Medicaid program. In fact, agencies report that it only covers 58 to 61 cents on the dollar of care delivered.

- c. Mission-driven non-profit home health care agencies accept every patient despite their ability to pay. Each Medicaid client, from a financial perspective, adds to the uncompensated losses for that agency. The additional volume of CT Medicaid clients requiring home care in 2014 and beyond as a result of the Affordable Care Act will only add to this situation.
- d. Significant industry consolidation is occurring. Four non-profit agencies have closed their doors in the past two years as a result of inadequate reimbursement. Eleven home care agencies have been acquired or had a change in ownership in 2012-2013.
- e. Home care providers have been able to cope with Medicaid underfunding due to margins earned on caring for Medicare clients. However, the Centers for Medicare and Medicaid Services (CMS) issued a new rule that calls for a cut of 3.5% each year from 2014 to 2017. This additional 14% cut (rebasing) to home health care Medicare rates, on top of recent cuts of 6.5%, will result in an overall Medicare margin for CT home care providers of 0.3% by the year 2017. This slim margin is not adequate to offset the current underfunding by DSS for Medicaid clients.

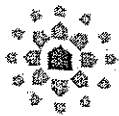
Home health care agencies need to have appropriate and sustainable Medicaid rates that cover the cost of care to remain viable and invest in the technology and resources to meet the emerging healthcare delivery models in Connecticut.

We ask that the legislature invest in the future of the home health care provider sector in 2014 by establishing a Medicaid rate structure that covers the cost of care provided and adjusts appropriately in future years.

Support An Increase in Home Health Agency Medicaid Reimbursement to:

- **Ensure a Viable and Adequate CT Home Care Provider Network**
- **Avoid Disruption to Consumer Access to Home Care**
- **Enable DSS to Continue to Reap Cost Savings in the Medicaid Program, as Home-based Care is the Most Cost-effective Care Setting.**

Thank you.



CONNECTICUT ASSOCIATION FOR
HEALTHCARE AT HOME™

Connecticut Medicaid Reimbursement Trends for Home Health Providers

Currently, DSS Medicaid reimbursement to home care providers does not adequately cover the home care agency's expense associated with providing patient care.

Home care agencies report that Medicaid reimbursement is 58 to 61 cents on the dollar.
Over the 21-year period, home health providers have received 5 rate increases,
however, NO increase within the past 9 years.

1994	0
1995	0
1996	0
1997	0
1998	2.1%
1999	0
2000	2.0%
2001	2.0%
2002	1.5%
2003	0
2004	0
2005	4.0%
2006	0
2007	0
2008	0
2009	0
2010	0
2011	0
2012	0
2013	0
2014	0